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C O N F I D E N T I A L SECTION 01 OF 02 ROME 000385

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SUBJECT: PRODI GETS APPROVAL TO SEEK A CONFIDENCE VOTE

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Classified By: POLITICAL MINISTER-COUNSELOR DAVID D. PEARCE, REASONS 1.
4 (b), (d)

Summary

¶1. (C/NF) President Napolitano offered PM Prodi February 24 a second chance to prove his majority in a parliamentary confidence vote that will take place by the end of the week. Prodi appears to have collected four additional votes in the Senate and should squeak through. Thanks to FM D'Alema's decision to force a showdown with the far-left, the Prodi coalition emerges as more centrist. Although the basic electoral math still leaves Prodi with a razor-thin Senate majority, the far-left has been chastised and significantly weakened. We expect that the mid-late March vote on funding for the Italian Afghan (ISAF) and other foreign military missions will be approved, and the government is holding to its decision to support the 173rd Airborne's consolidation at Dal Molin Airfield, Vicenza. Major action on domestic issues appears problematic, given the fragility of the coalition and the priority given to electoral reform for near term action by the President. End summary.

"No Alternative" to Prodi Government

¶2. (C/NF) On February 24, following several days of intensive consultations with party leaders, President Napolitano convoked caretaker PM Prodi, rejected his resignation, and gave him another opportunity to prove he still has a majority in Parliament. A very cautious Napolitano said that there was "no alternative" to the Prodi government right now. However, in citing the need for the major parties to make changes to the electoral law, he clearly kept in reserve the option of a technical/institutional government to enact such a law if the Prodi government cannot keep its majority together. A cartoon in the leading newspaper daily Corriere della Sera pictured Napolitano carefully stacking a house of cards that represented the Prodi coalition.

13. (C/NF) Prodi is scheduled to address both houses of Parliament on February 28; we expect a confidence vote in the Senate on March 1 and in the Chamber of Deputies on March 2. The government will have no problems in the Chamber. After a weekend of consultations and horse-trading, it appears Prodi picked up another four votes in the Senate and may win by 162-160. Key vote switches in favor of the government are expected to include Senator-for-Life Andreotti (satisfied by the government's change of heart on same-sex union legislation), Marco Follini (who emerges with new power as a swing vote), and the two Communist dissidents (who will support the government at least on a confidence vote).

Necessary Trauma

14. (C/NF) The Prodi government emerges from this episode as more centrist, due in large part to maneuvering by FM D'Alema, who leads the largest party (DS) in the coalition. D'Alema, after months of frustration with the far-left, finally forced a showdown designed to get the radicals under control. First, President Napolitano (also DS) publicly indicated that the government should be "self-sufficient" (i.e., not need opposition support) in conducting its foreign policy. Then, by publicly stating before the February 21 foreign policy vote that the government would "go home" if it lost, D'Alema forced Prodi to tender his resignation when the government could not hold its majority.

15. (C/NF) After successfully pushing the government to the left on the Afghanistan mission, including Italy's ISAF contributions, the consolidation of the 173rd Airborne Brigade at Dal Molin, and same-sex union legislation, the radicals have now been publicly chastised and are

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significantly weaker. Despite the trauma necessary to re-align the coalition, however, the basic electoral math in the Senate has not changed. The Prodi government is still an ideologically diverse nine-member coalition government with a razor-thin majority.

Domestic Implications

16. (C/NF) In regrouping to broaden its centrist appeal, Prodi demanded and received support from all nine coalition parties on a 12-point program (Ref A). The domestic angle included a more pro-family agenda that drops support for pending legislation to recognize same-sex unions. It also included an economic agenda to reform pensions, cut government spending, and increase funding for the South and infrastructure projects. Following Napolitano's comments on the electoral law, the major parties on both the left and the right will likely begin a behind the scenes dialogue on electoral reform of some kind. And, unfortunately, that exercise is likely to push most domestic reform, aside from non-controversial and marginal issues, off the table for the time being.

Foreign Policy/Defense Implications

17. (C/NF) The first and strongest item of Prodi's 12-point program is an affirmation that all coalition parties will support the government's foreign and defense policy and its "international commitments," with a specific reference to the Italian mission in Afghanistan. Legislation to extend funding for Italy's foreign missions is now moving through parliamentary committees. We expect the funding bill to be approved in late March, with the support of the center-right opposition and without major problems. It will not, however,

lift existing caveats on Italian ISAF operations. There was no pending legislation that affected Dal Molin, but the government is holding to its decision to support the 173rd Airborne's consolidation at Vicenza. We assume Prodi means the international commitments language in point one of his program applies also to support for the Dal Molin decision. D'Alema told the Parliament it would have been a "hostile act" to the U.S. not to have supported this decision. Just before the vote, the government signed agreements to continue cooperation on the Joint Strike Fighter and on ballistic missile defense.

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